

RETURN NAME & ADDRESS

BARBARA SIKORSKI
County Council
m/s 609



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12-26-2003 02:48pm \$0.00
SNOHOMISH COUNTY, WASHINGTON

Please print neatly or type information
Document Title(s)

Interlocal Agreement

Reference Number(s) of related documents:

N/A

Grantor(s) (Last, First, and Middle Initial)

Additional Reference #'s on page ____

Sno Co. Public Facilities Dist.

Grantee(s) (Last, First, and Middle Initial)

Additional Grantors on page ____

Snohomish County

Legal Description (abbreviated form: i.e. lot, block, plat or section, township, range,
quarter/quarter)

Additional Grantees on page ____

N/A

Assessor's Property Tax Parcel/Account Number

Complete legal on page ____

N/A

Additional parcel #'s on page ____

The Auditor/Recorder will rely on the information provided on this form. The responsibility for the accuracy of the indexing information is that of the document preparer.

*I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature of Requesting Party

**INTERLOCAL AGREEMENT
FOR
DEVELOPMENT OF AN AVIATION MUSEUM AND CONFERENCE
CENTER**

This Interlocal Agreement ("Agreement") is entered into this 17th day of December, 2003, between Snohomish County, a county duly organized and existing under and by virtue of the laws of the state of Washington and the charter of Snohomish County (the "County"); and the Snohomish County Public Facilities District, a municipal corporation duly organized and existing under the laws of the state of Washington, established by Snohomish County under and by virtue of the laws of the state of Washington (the "County PFD").

RECITALS

WHEREAS, the Snohomish County Council (the "County Council"), by amended Ordinance No. 01-041, adopted June 27, 2001, and amended by Ordinance No. 02-005, adopted March 13, 2002, and Ordinance No. 02-066 adopted November 4, 2002 established the County PFD, pursuant to chapter 36.100 RCW, for the sole purpose of pursuing joint ownership, financing, or operational relationships with any other public agency within the County for the development of Regional Center projects and/or with a nonprofit entity for the development of a Regional Center project at Paine Field; and

WHEREAS, the County PFD has imposed a Sales and Use Tax under the authority of RCW 82.14.390 at the rate of 0.033 percent of the selling price or value of any article sold or used in the County (recognizing that amounts collected in those incorporated areas which have formed a city PFD that has imposed a tax under RCW 82.14.390 will be credited by the State Department of Revenue against the County PFD's collections) to support the development of one or more regional centers determined by the County PFD to be viable projects in accordance with the County PFD's Charter; and

WHEREAS, all moneys received by the County PFD, under the authority of RCW 82.14.390(4) must be used for the acquisition, financing, design, construction, operation and maintenance of a regional center and related parking facilities as provided for and defined by RCW 35.57.020 and must be matched with an amount, from other public or private sources, equal to 33 percent of the amount collected by the County PFD under RCW 82.14.390; and

WHEREAS, the County has previously retained the consulting firm of The Seneca Real Estate Group, Inc. to develop and continue refinement of the Aviation Museum and Conference Center Business Plan dated March 31, 2003 (Business Plan) that conservatively projects all financial elements of the project to include, but not limited to, conceptual site plan, development expenses, financing sources and expenses, operational expenses, operational revenues and cash flow analysis; and

WHEREAS, the County has previously retained the consulting firm of AMS Planning and Research to review the financial feasibility of the Business Plan, and independent consultant Paul Smith to analyze the donor capacity present within the Snohomish County philanthropic market; and

WHEREAS, the financial feasibility of the Business Plan was validated by the AMS Planning and Research study dated March 31, 2003 and the donated funds total projected in the Business Plan is well within the \$3 million philanthropic potential identified by Paul Smith's study dated January 28, 2003; and

WHEREAS, Snohomish County has authorized the design, construction, operation, maintenance, and repair of the Aviation Museum and Conference Center pursuant to Ordinance No. 03-043, and has approved the Business Plan pursuant to Motion No. 03-200, and has contracted with Freiheit and Ho Architects, Inc. to design the Aviation Museum and Conference Center; and

WHEREAS, the County and the County PFD have each determined that the development of the Aviation Museum and Conference Center will benefit their respective jurisdictions and desire that the County with County PFD assistance develop the Aviation Museum and Conference Center in order to provide cultural exhibits and space for conferences, meetings and special events to the County as well as to a wider regional community; and

WHEREAS, the County PFD desires to make ongoing project payments to the County to contribute to the cost of the joint construction and operation of the Aviation Museum and Conference Center; and

WHEREAS, the County and the County PFD have the authority to enter into interlocal agreements under chapter 39.34 RCW for joint and cooperative action, including provisions to finance joint or cooperative undertakings; and

WHEREAS, the County and the County PFD, each, have the authority, pursuant to applicable provisions of state law, including chapters 35.57, 36.100, and 39.34 RCW and RCW 82.14.390, to acquire, design, construct, own, remodel, maintain, equip, re-equip, repair, finance and operate a regional center and related parking facilities; and these agencies propose to use one or more interlocal agreements to make effective and efficient use of the powers and authorities granted to them to construct, own and operate tourism-related public facilities such as the Aviation Museum and Conference Center that provide conference center space and services for meetings and special events, as well as provide cultural exhibits such as aviation artifacts to serve citizens of Snohomish County, adjacent regional areas, the State of Washington and beyond; and

WHEREAS, the County has completed the first phase of a two-phase SEPA review process finding that ordinance Chapter 15.10 Snohomish County Code authorizing the development of an Aviation Museum and Conference Center does not have probable, significant adverse impact on the environment, and the County will complete the second phase of the SEPA regarding construction impacts in the fall or winter of 2003; and

WHEREAS, the County intends to enter into a lease agreement, with the Boeing Company to operate an aviation tour center adjacent to and in conjunction with the Aviation Museum and Conference Center, and into a management agreement with the Museum of Flight for the management and operation of the Aviation Museum and Conference Center(both of which agreements will be reasonably acceptable, in form, to the County PFD);

NOW, THEREFORE, the County and the County PFD enter into this Agreement which outlines the responsibilities and commitments of each party in the development of the Aviation Museum and Conference Center:

A. DEFINITIONS

For the purposes of this Agreement, the terms defined in this Section shall have the following meanings:

Agreement is this Interlocal Agreement entered into by the County and the County PFD under the authority of chapter 39.34 RCW for the development of the Aviation Museum and Conference Center.

Aviation Museum and Conference Center is a Regional Center, as defined by RCW 35.57.020, being Developed by Snohomish County with the assistance of the County PFD and is proposed to be co-located with an Aviation Tour Center at the Snohomish County Airport commonly known as Paine Field.

Aviation Tour Center is a private facility operated by a major aircraft manufacturer adjacent to and in conjunction with the Aviation Museum and Conference Center.

County is Snohomish County, a charter county of the State of Washington.

County PFD is the Snohomish County Public Facilities District, a municipal corporation established by Snohomish County Amended Ordinance No. 041, adopted June 27, 2001, amended by Ordinance No. 02-005, adopted on March 13, 2002, and Ordinance No. 02-066 adopted on November 15, 2002, pursuant to the authority of chapter 36.100 RCW.

Develop includes any one or more of the following: acquire, construct, own, remodel, maintain, equip, reequip, repair, finance and operate the Aviation Museum and Conference Center as specified herein and undertaken by the parties as agreed to in this Agreement according to the powers conferred on the PFD under chapters 35.57 and 36.100 RCW and RCW 82.14.390.

Local Match is the amount of money, or in-kind contributions, derived from public or private sources required by RCW 82.14.390(4) to match the amount of Sales and Use Taxes received and utilized by the County PFD for the development of the Aviation Museum and Conference Center.

PFD means the Snohomish County PFD.

Party means either the County or the County PFD, who are collectively referred to as "Parties."

Regional Center is a multipurpose special events facility, as defined in RCW 35.57.020, providing facilities for convention, conference and special event uses at a total cost of more than Ten Million Dollars (\$10,000,000).

Sales and Use Tax(es) are the revenues received and utilized by the County PFD pursuant to the authority of RCW 82.14.390 for the Development of a Regional Center.

B. DEVELOPMENT OF THE AVIATION MUSEUM AND CONFERENCE CENTER

1. Joint Development. The Parties to this Agreement agree to jointly develop the Aviation Museum and Conference Center in accordance with this Agreement, as a multipurpose regional, tourism-related facility, meeting the definition of a regional center under RCW 35.57.020.

2. County Primarily Responsible for Development. The County shall commence construction of the Aviation Museum and Conference Center as a regional center, as defined by RCW 35.57.020, prior to January 1, 2004. The County, acting on its own behalf and as agent for the County PFD, shall be the agency with the primary responsibility for the development of the Aviation Museum and Conference Center and shall finance, acquire, design, construct, own, operate and maintain the Aviation Museum and Conference Center, and otherwise administer its development and operation in cooperation with the County PFD, subject to the limitations set forth herein.

3. Project Description.

a. The Aviation Museum and Conference Center will be developed as a regional conference center of approximately 63,650 square feet that provides space for conferences and special events, cultural aviation artifacts displayed in an aviation museum venue, food service for public and special events, aviation education programs for K-12 and related parking. A privately leased and operated Aviation Tour Center will be co-located and operated in conjunction with the Aviation Museum and Conference Center and is projected to generate on average 230,000 paid visitors annually to the Aviation Museum and Conference Center and will also provide a 200-seat theatre that may be available for evening use by conferences and special event groups. The Aviation Museum and Conference Center project and its estimated costs are set forth in more detail on Exhibit C attached hereto and by this reference incorporated herein.

b. Future additions to the Aviation Museum and Conference Center, which are not subject to the financing provisions contained in this Agreement, could include a 100 to 125-room hotel and additional aircraft hangars immediately adjacent to the Aviation Museum and Conference Center. The hotel would compliment the conference and special events element of the Aviation Museum and Conference Center by providing lodging, additional meeting space and food catering service. The aircraft hangars would expand museum exhibits of aviation artifacts as well as associated aviation education programs.

4. Timeline for Development of the Aviation Museum and Conference Center.

a. The County shall commence construction of the Aviation Museum and Conference Center on or before January 1, 2004, as required by RCW 82.14.390. A specific proposed timeline, indicating target dates for financing and construction of the Aviation Museum and Conference Center is set forth in Exhibit A attached hereto and by this reference incorporated herein.

b. The failure to meet the dates set forth in Exhibit A will have no effect on the other provisions of this Agreement; provided actual construction of the Aviation Museum and Conference Center is commenced before January 1, 2004.

5. Site Acquisition, Development, Ownership and Operation.

a. The County owns the real property necessary to serve as a site for the Aviation Museum and Conference Center and agrees to the use of the property at fair market rental rates for the Aviation Museum and Conference Center for the duration of this Agreement.

b. The County shall, on behalf of itself and the County PFD, acquire the approvals necessary and shall take such other actions as may be required to enable the site to be suitable for use as the Aviation Museum and Conference Center.

c. The County shall develop the Aviation Museum and Conference Center, and shall own and operate the Aviation Museum and Conference Center for and on behalf of itself and the County PFD. The total cost of Development of the Aviation Museum and Conference Center is expected to be approximately \$15.6 million plus financing costs. The County PFD's ownership interest in the Aviation Museum and Conference Center shall commence with the filing of this Agreement pursuant to Section K hereof and shall terminate and revert to the County upon the termination of the County PFD's obligation to make project payments to the County. The County PFD's ownership interest in the Aviation Museum and Conference Center shall be transferred to the County at no cost to County if the County PFD ceases to exist.

d. The County shall operate the Aviation Museum and Conference Center in a businesslike manner and provide a level of service equivalent to or better than the services provided by comparable public facilities in the state, taking into account size, cost and maturity. The Aviation Museum and Conference Center shall be available for use by the general public at reasonable rates established by the County. The County agrees to enter into a management agreement with the Museum of Flight (or such other manager as is not reasonably objected to by the County PFD) for the management and operation of the Aviation Museum and Conference Center, and into a lease with the Boeing Company for an aviation tour center, both in a form not reasonably objected to by the County PFD, on or before March 31, 2004(unless such date is extended by agreement of the Parties),.

6. County PFD Review.

a. As part of the plan for the joint development of the Aviation Museum and Conference Center, the County PFD may, within the proposed schedule for the Development of the Aviation Museum and Conference Center, review and comment on the proposed design process and performance specifications of the Aviation Museum and Conference Center during the assessment and design phases.

b. The County shall periodically provide reports to the County PFD on the design, construction, and operation of the Aviation Museum and Conference Center at such times and in such form as the PFD may require. During construction, the County shall periodically report on progress to the PFD, either in writing or in meetings, at such times and in such manner as the PFD may require; however, in any event, the County shall provide the

County PFD with a written construction progress report at least monthly. Thereafter, the County shall provide an annual report to the PFD and such other reports as the PFD may require, however, in any event, the County shall provide the PFD with written financial statements including an income statement, a balance sheet, and cash flow statement at least quarterly. A meeting of at least one representative of each Party may be called by either the County or the County PFD at any time upon reasonable notice to the other Party. Any recommendations resulting from such meetings shall be only advisory to the County; except, in the event of a material change, that is, one exceeding 20 percent of the estimate set forth in Exhibit C, in the project cost, square footage of the facility, or amount of bond proceeds, or a material change in plans for construction (which substantially changes the purposes or functions of the facility), both the County and County PFD must concur.

C. FINANCING OF THE AVIATION MUSEUM AND CONFERENCE CENTER.

1. Debt Obligations.

a. The County has obtained long-term financing for the Aviation Museum and Conference Center. This long-term financing will be repaid, in part, from the Sales and Use Tax revenues received by the County PFD and allocated to the Aviation Museum and Conference Center by the County PFD, pursuant to this Agreement.

b. By the execution of this Agreement, the County and the County PFD confirms their respective findings that the Aviation Museum and Conference Center is a viable project, i.e., a project that is likely to commence construction before January 1, 2004, and the County PFD agrees to assist the County as specifically set forth in Section C.1.d. below.

c. The County PFD has imposed the Sales and Use Tax authorized by RCW 82.14.390 and Snohomish County Ordinance No. 01-041 in all areas of the County (recognizing that amounts collected in those incorporated areas that have formed a city PFD that has imposed a tax under RCW 82.14.390 will be credited by the State Department of Revenue against the County PFD's collections) to provide a share of the funding to develop the Aviation Museum and Conference Center as specified in Section C.1.d. below. The county PFD shall continue to impose said Sales and Use Taxes in the maximum amount allowed by law so long as the obligations of the County PFD under this Agreement remain outstanding.

d. County PFD Allocation of Funds.

(i) The County PFD will provide an annual allocation to the County of a portion of the Sales and Use Tax revenue collected by the County PFD in the amounts set forth in Exhibit B. Exhibit B sets forth the amounts sufficient to support the debt amortization of not less than \$3,693,182 @ 5.5%. The obligation of the County PFD to pay the amounts set forth in Exhibit B to the County shall be payable exclusively from Sales and Use Tax revenues received by the County PFD and available after satisfaction of the County PFD's obligations: (i) First, under the Interlocal Agreement For the Development of The Everett Events Center, dated December 20, 2001 and recorded under Recording Number 200201160349 of the official records of Snohomish County, Washington; and (ii) Second, under the First Amended and Restated Interlocal Agreement, among the City of Lynnwood, South Snohomish County Public Facilities District, the County PFD and the County for the Convention Center described therein, dated

December 10, 2002 and recorded under Recording Number 200212260514 of the official records of Snohomish County Washington; and (iii) Third, under the Interlocal Agreement for Development of the Edmonds Centre For the Arts, dated November 4, 2002, recorded under Recording Number 200211060003 of the official records of Snohomish County, Washington so that the funds to be provided by the County PFD to the County pursuant to Exhibit B of this Agreement shall be a fourth priority on distribution of available Sales and Use Tax funds received by the County PFD.

(ii) The County PFD further agrees that if additional Sales and Use Tax revenue is collected by the County PFD beyond the amounts needed to satisfy the first three PFD obligations listed in the preceding paragraph and the \$3,693,182 allocated to the Aviation Museum and Conference Center project, that those excess revenues shall be first allocated as needed to establish reasonable County PFD Reserve Funds and then the Aviation Museum and Conference Center shall be given first priority to increase the PFD allocation to that project from \$3,693,182 up to a present value of \$5,500,000 calculated at a 5.50% discount rate .

(iii) The County PFD shall remit the Sales and Use Tax funds on a monthly basis within ten working days from receipt of the funds from the State Department of Revenue beginning with and contingent upon all of the following: (A) the County entering into a legally binding lease with the Boeing Company as required by this Agreement; an executed copy which shall have been delivered to the County PFD (B) the County entering into a legally binding management agreement for the management and operation of the Aviation Museum and Conference Center as required by this Agreement, an executed copy of which shall have been delivered to the County PFD; and (C) the actual commencement of construction of the Aviation Museum and Conference Center as evidenced by the County delivering written notice to the County PFD that construction has commenced. Such notice shall include an opinion of legal counsel for the County that such action is within the meaning of the term "commences construction of a new regional center" as contained in RCW 82.14.390. Notwithstanding the foregoing, the County PFD shall remit to the County, upon the filing of this Agreement with the Snohomish County Auditor, the sum of \$100,000.00 to be applied toward the commencement of construction of the Aviation Museum and Conference Center, which amount shall be credited to the first annual allocation scheduled on Exhibit B.

2. Local Match.

a. The County will provide the 33 percent Local Match, as required by RCW 82.14.390(4), with respect to the Sales and Use Taxes levied and received by the County PFD and contributed to the County pursuant to this Agreement, for the purpose of developing the Aviation Museum and Conference Center. It is currently estimated by the Parties that the total amount of the Sales and Use Tax revenues allocated to the Aviation Museum and Conference Center and subject to the Local Match will be no less than \$3,693,182 as set forth in Exhibit B.

b. The County will exceed the required 33 percent (33%) Local Match of County PFD initial allocation of \$3,693,182 Sales and Use Taxes to Aviation Museum and Conference Center, as well as the Local Match for potential increase of Sales and Use Taxes allocated to Aviation Museum and Conference Center of up to \$5,500,000, by contributions from the following sources:

| | |
|---|----------------------|
| Paine Field Airport..... | \$ 2,330,575 |
| Capital Campaign..... | \$ 1,393,989 |
| County Local Match to PFD Allocation | \$3,724,564 |
| PFD Funding Allocation..... | \$ 3,693,182 |
| Project Cost Less Financing..... | \$15, 744,565 |

c. If the County PFD agrees to provide additional Sales and Use Tax revenue to the County for the Aviation Museum and Conference Center, the County will also provide, from the same sources identified in Section C.2.b. above, the necessary Local Match of 33 percent (33%).

D. ADMINISTRATION

1. The County shall be the administrator (within the meaning of RCW 39.34.030(4)) of this cooperative undertaking for the Development of the Aviation Museum and Conference Center including any of the following: the acquiring, designing, constructing, owning, remodeling, maintaining, equipping, reequipping, repairing, financing and operating the Aviation Museum and Conference Center as provided for in this Agreement.

2. Subject to County PFD review as provided in Paragraph B.6. above and consultation with the Joint Oversight Board , as hereinafter provided, the County PFD hereby irrevocably constitutes the County as its agent with respect to the Parties' joint undertaking for the Development, provision and operation of the Aviation Museum and Conference Center, but not otherwise, with full power and authority in connection therewith to make all operational decisions and take all actions to carry out said joint undertaking without further need or requirement to consult with or obtain approval from the County PFD in such matters.

3. There is hereby established a Joint Oversight Board, consisting of at least one representative of each of the Parties and additional representatives, as invited by the Parties, of other interested entities or individuals such as the entity contracted as Operator of the Aviation Museum and Conference Center, the lessee of the Aviation Tour Center, any group organized as a benefactor of the AMCC, persons with relevant special expertise, friends and neighbors. The County's representative shall be appointed by the County Executive. The Joint Oversight Board will meet and provide advice as requested by the Parties with respect to the design, construction, operation and Development of the Aviation Museum and Conference Center.

E. LIMITATION OF COUNTY PFD OBLIGATION

1. It is understood and agreed by both parties that the County PFD's obligation to pay the amounts set forth in Exhibit B to the County are solely obligations of the County PFD and is limited to Sales and Use Tax revenues received by the County PFD pursuant to RCW 82.14.390. The County has no obligation for, and shall not be liable for, the payment of amounts due from the County PFD. The County PFD shall have no liability to fund revenue shortfalls or have any other financial commitments other than payment to the County of the County PFD Sales and Use Tax revenues described and committed to herein as set forth in Exhibit B attached hereto. In consideration of this, the County PFD agrees to the commitments in paragraph C.1.d. herein.

2. The County PFD is a municipal corporation organized pursuant to RCW 36.100.010 and amended Ordinance No. 01-041 of the Snohomish County Council. Amended Ordinance No. 01-041 specifically provides: "All liabilities incurred by the District shall be satisfied exclusively from the assets, credit, and property of the District and no creditor or other person shall have any right of action against or recourse to the County, its assets, credit, or services on account of any debts, obligations, liabilities, or omissions of the District."

F. HOLD HARMLESS AND INDEMNIFICATION

1. The County shall indemnify, defend, and hold harmless the County PFD and its officials, officers, employees, agents (except that the County shall not be considered an agent of the County PFD for the purposes of this Section) and representatives (collectively, "Indemnified Parties"), when acting within such designated capacity from all claims, losses, suits, actions, legal or administrative proceedings, costs, attorneys' fees, litigation costs, expenses, damages, penalties, fines, judgments or decrees by reason of any death, injury or disability to or of any person or party, including employees, and/or damage to any property or business, including loss of use (collectively, "damages") caused by any negligent act, error or omission of the County or its officials, officers, employees, agents, representatives, contractors or subcontractors (collectively, "County Functionaries"), when acting within such designated capacity arising out of the development, financing, acquisition, design, construction, ownership, operation, or maintenance of the Aviation Museum and Conference Center.

2. The County's obligation shall include, but not be limited to, defending all claims alleging damages from any negligent action, error or omission or breach of any common law, statutory or other delegated duty by the County, and the County's Functionaries. The County and the County PFD each have a direct interest in any settlement agreement that the County may obtain while defending under this hold harmless and indemnity. The County grants to the County PFD veto authority regarding any settlement proposal. However, if the County agrees to a settlement proposal and the County PFD vetoes the proposal, then the County PFD shall, immediately after vetoing the settlement proposal, assume the defense including the cost of the County's personnel time at then current billing rates in support of the defense and any cost of judgment or settlement in excess of payments and terms provided in the settlement proposal. The County will provide information to the County PFD regarding all claims.

3. The County's obligation to indemnify, defend, and hold harmless shall apply even if the injuries, death or damages, directly or indirectly, result from, arise out of or relate to one or more negligent acts or omissions of the Indemnified Parties, or any other party acting for or on behalf of the County PFD, except where caused by the sole negligence and/or willful misconduct of any of the Indemnified Parties. If the claim, suit, or action for injuries, death, or damages as provided for in this Section F of this Agreement is caused by or results from the concurrent negligence of (i) any of the Indemnified Parties; and (ii) the County or the County's Functionaries, the indemnity provisions shall be valid and enforceable only to the extent of the negligence of the County or the County's Functionaries.

4. The County agrees to acquire insurance in amounts that are consistent with the coverage of comparable Regional Center facilities and undertakings related to said facilities as contemplated under this Agreement and to name the County PFD as additional named insured.

G. PLEDGE OF REVENUE IN SUPPORT OF BONDS

The County PFD acknowledges and agrees that the County will by this agreement pledge the use of proceeds from previously issued Snohomish County General Obligation Bonds in the amount of approximately \$15,649,518 plus financing costs to development and construction of the Aviation Museum and Conference Center facility. The County PFD acknowledges that, the County in making this decision to allocate General Obligation Bonds of approximately \$15,649,518 to the Aviation Museum and Conference Center, the County will have relied upon this agreement of County PFD to provide Sales and Use Taxes to fund debt amortization of not less than \$3,693,182 as described in C.I.d. above. The County PFD acknowledges that its commitments under this Agreement constitute valid and binding enforceable, contractual commitments.

H. SUPPLEMENTAL DOCUMENTS

The parties agree to complete and execute all supplemental documents necessary or appropriate to fully implement the terms of this Agreement.

I. DISSOLUTION OF THE COUNTY PFD

At such time as the County PFD's long-term indebtedness has been paid or defeased and the County PFD has availed itself of the full Sales and Use Taxes at the maximum allowable rate under RCW 82.14.390, the County may dissolve the County PFD. Upon dissolution of the County PFD by action of the County Council or other means, the assets and liabilities of the County PFD may, at the County's option, become the assets and liabilities of the County.

J. DURATION OF AGREEMENT

This Agreement shall continue in full force and effect until such time as all Snohomish County General Obligation Bonds allocated to development and construction of the Aviation Museum and Conference Center are fully retired or until December 31, 2026, whichever is earlier.

K. FILING OF AGREEMENT WITH COUNTY AUDITOR

Within five (5) days from the date of execution of this Agreement, it shall be filed with the Snohomish County Auditor as required by the provisions of RCW 39.34.040.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers and representatives as of the day first above written.

SNOHOMISH COUNTY

County Executive

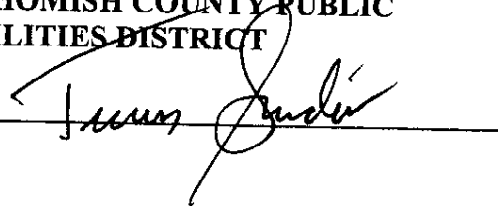
12/17/03

APPROVED AS TO FORM:

County Prosecutor

**SNOHOMISH COUNTY PUBLIC
FACILITIES DISTRICT**

Chair

A handwritten signature in black ink, appearing to read "James J. Smith", is written over a horizontal line. The signature is stylized with a large initial "J" and a prominent "S".

**INTERLOCAL AGREEMENT
EXHIBIT A**

**TIMELINE FOR FINANCING AND CONSTRUCTION OF THE NATIONAL FLIGHT
INTERPRETATIVE CENTER**

NOTE: In order to meet the strict requirements of the Aviation Museum and Conference Center construction schedule, it is the intent of the County and County PFD to achieve the timelines projected in this Exhibit A for development and construction of the National Flight Interpretative Center.

As a matter of clarification, the National Flight Interpretative Center is proposed as a facility that contains a publicly funded Aviation Museum and Conference Center as well as a privately funded Boeing Tour Center. It is the intent of the County and County PFD to achieve this EXHIBIT A - National Flight Interpretative Center Timeline in the parallel development and construction of both the Aviation Museum and Conference Center and the Boeing Tour Center.

**DEVELOPMENT SCHEDULE
FOR
PROPOSED NATIONAL FLIGHT INTERPRETATIVE CENTER AT PAINE FIELD
AIRPORT**

2003

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|----------|--|
| February | Prosecutor sent letter of inquiry to Washington Department of Revenue requesting definition of PFD "Start of Construction" requirements specific to the proposed NFIC project. |
| | NFIC Phase 1 SEPA (ordinance) sent to local agencies for early comment. |
| | County Council approved general obligation bonds to fund construction. |
| March | Bond Bid of 4.24% accepted from Paine Weber for \$21.7m NFIC bond issue. |
| | NFIC Phase 1 SEPA published an ordinance for County ownership of NFIC. |
| | Non-binding letters of intent executed by the County Executive with the Museum of Flight and The Boeing Company. |

2003

- April NFIC Phase 1 SEPA (ordinance) review completed and determination published April 1, 2003.
- Airport obtained written determination from Washington State Department of Revenue defining PFD "Start of Construction" requirements for NFIC and shared such determination with PFD Board.
- May County Council adopted ordinance establishing process for County to participate in projects such as NFIC.
- County Council acted on motion to adopt NFIC financial plan.
- May County Council approved contract with NFIC Architectural (Cont.) Design and Planning Team for \$1,918,341 (Under Financial Plan projection).
- County Council approved contract of \$388,041 with NFIC Construction Management firm (Under Financial Plan projection).
- Design of the sanitary sewer line completed at a cost of \$80,000.
- Applied for sanitary sewer Grading Permit and Right-Of-Way Permit from City of Mukilteo.
- June Received Grading and Right-Of-Way Permits from Mukilteo.
- July Council approved contract for \$346,056 to construct NFIC sanitary sewer.
- PFD approves Interlocal Agreement with County and issues determination of project viability conditioned on County performing as to terms of Interlocal Agreement, i.e., meeting 12/31/03 PFD "Start of Construction" requirement, full execution of a NFIC Land and Building Lease between County and Boeing.
- August Construction of the NFIC sanitary sewer to start.
- Council sets time and date for public hearing on approval of PFD Interlocal Agreement, Land and Building Lease with Boeing and Operator Agreement with Museum of Flight.
- September County Council acts on motion to approve a Land and Building Lease to be executed by County Executive with The Boeing Company for aviation tour center portion of NFIC.

2003

County Council acts on a motion to approve a museum Operator Agreement to be executed by the County Executive with the Museum of Flight for aviation museum and conference center portion of NFIC.

County Council acts on motion approving a PFD Interlocal Agreement with the Snohomish County Public Facility District.

County Council acts on motion to approve an Interlocal agreement with Mukilteo regarding land use jurisdiction, development standards and revenue distribution.

FAA acts on request to approve a Land and Building lease with The Boeing Company.

October Construction of NFIC sanitary sewer line to site completed meeting final PFD requirement for NFIC "Start of Construction".

County Prosecutor's Office advises PFD Board in writing that all NFIC requirements for PFD "Start of Construction" have been completed.

PFD Board advises Airport that all contingencies have been removed making the NFIC project unconditionally viable.

PFD Board initiates first release of PFD funds to NFIC project.

Project design 50% complete.

November FAA acts on 7460-1 Application For Construction including, but not limited to, such issues as building heights not penetrating restricted air space and building design complimenting navigation aid systems used in aviation.

2004

February Design 90% complete. NFIC Phase 2 SEPA circulated for early comment.

March Design 100% complete. Submit to PDS for permit review.

NFIC Phase 2 SEPA published.

Review of NFIC Phase 2 SEPA on construction and project impacts complete and determination published.

June Building permit issued. Bid package assembled for selection of General Contractor.

2004

July Council approves award of General Contractor contract. Contractor given Notice To Proceed with construction.

2005

February Complete construction of Gallery.
Start installation of Gallery exhibits.

March Complete total construction of NFIC.

May-June Grand Opening of NFIC.

EXHIBIT B

**SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT
ALLOCATION OF SALES TAX TO THE COUNTY
FOR THE AVIATION MUSEUM AND CONFERENCE CENTER
(PRESENT VALUE OF \$3,693,182 @5.5%)**

| <u>Date</u> | <u>Annual Allocation</u> |
|-------------|--------------------------|
| 2002 | \$330,811 |
| 2003 | \$182,819 |
| 2004 | \$189,112 |
| 2005 | \$195,637 |
| 2006 | \$202,401 |
| 2007 | \$209,415 |
| 2008 | \$216,687 |
| 2009 | \$224,225 |
| 2010 | \$232,041 |
| 2011 | \$240,143 |
| 2012 | \$248,542 |
| 2013 | \$257,248 |
| 2014 | \$266,273 |
| 2015 | \$275,628 |
| 2016 | \$285,324 |
| 2017 | \$295,375 |
| 2018 | \$305,792 |
| 2019 | \$316,589 |
| 2020 | \$327,779 |
| 2021 | \$339,376 |
| 2022 | \$351,395 |
| 2023 | \$363,851 |
| 2024 | \$376,759 |
| 2025 | \$390,135 |
| 2026 | |
| | \$403,997 |
| Total | \$ 7,027,354 |

[If extra funding allocated this schedule must be revised]